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Federal Communications Commission  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

January 23, 1995

The Honorable Jimmy Hayes  
U.S. House of Representatives  
2432 Rayburn House Office Building  
Washington, D.C. 20510-1807

Dear Congressman Hayes:

Thank you for your letter concerning the Commission's regulations governing personal communication services (PCS) on behalf of Radiofone in Louisiana. The Commission has, in an ongoing process, established rules for the provision of PCS that address the important role and unique qualities of cellular companies. Please be assured that the Commission shares your opinion that cellular carriers not be precluded from participating in the PCS auctions.

In Section 309(j) of the Communications Act, as amended by the Omnibus Budget Reconciliation Act, Congress directed the Commission to promote economic opportunity by disseminating licenses to a wide variety of applicants. Congress also instructed the Commission to promote competition and provide for rapid deployment of PCS. To this end, the Commission has amended certain aspects of the PCS licensing rules to effectuate the law's intention.

On June 9, 1994, the Commission adopted a Memorandum Opinion and Order in GEN Docket No. 90-314, 8 FCC Rcd 7700 (1994) which recognized that unfettered participation in PCS by cellular operators could lessen the potential competition that could develop between PCS and cellular systems. At the same time, the Commission recognized that cellular licensees could foster rapid development of PCS for a variety of reasons, including their expertise with commercial mobile services. The rules adopted in the Memorandum Opinion and Order seek to ensure that cellular companies have substantial opportunities to participate in the PCS auctions.

Specifically, the rules permit entities with a 20 percent or more investment interest in a cellular license to acquire a 10 MHz PCS license in the same area. Also, as of January 1, 2000, cellular operators will be subject to the same overall 40 MHz spectrum cap as other PCS operators, and be permitted to acquire an additional 5 MHz for a total of 15 MHz of

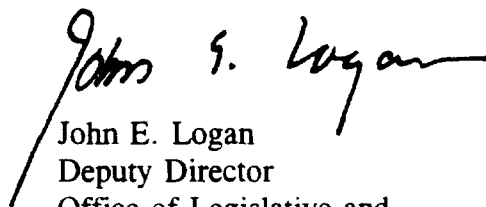
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PCS spectrum in the same service areas as their cellular interests. The rules permit designated entities -- small businesses, rural telephone companies, and businesses owned by women and minorities -- to own up to a 40 percent non-controlling interest in a cellular system and to hold a PCS license in the same area. The Commission is also relaxing the cellular attribution rules to allow any entity with up to a 40 percent non-controlling ownership interest in a cellular license covering 10 percent or more of the population in a PCS service area to also attain a non-controlling investment interest in a PCS license held by a business owned by minorities or women. In this later provision, the Commission sought to carry out Section 309(j)'s intent to establish a structure that allows market forces to promote expeditious delivery of services, avoid excessive concentration and provide meaningful opportunities to a range of individuals and entities. Section 309(j) committed to the Commission the responsibility to ensure that in the competitive award of PCS licenses, a genuine opportunity to participate was afforded to small business, rural telephone companies and businesses owned by minorities and women.

The cellular eligibility rules seek to balance the goals that Congress has establish -- promoting competition, ensuring rapid deployment of PCS, and providing economic opportunities for designated entities. It is the Commission's view that the participation by cellular providers will serve the public interest by promoting rapid deployment of PCS, participation by designated entities, and overall competition.

I hope that this information will allay your concerns that our licensing rules for PCS may have an adverse impact on cellular carriers. Please let us know if we can provide you with any additional information on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "John E. Logan", with a stylized flourish at the end.

John E. Logan  
Deputy Director  
Office of Legislative and  
Intergovernmental Affairs

JIMMY HAYES  
7TH DISTRICT, LOUISIANA

WASHINGTON OFFICE:  
2432 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-1807  
(202) 225-2031

DISTRICT OFFICES:  
109 EAST VERMILION  
LAFAYETTE, LA 70501  
(318) 233-4773

901 LAKESHORE DRIVE  
SUITE 402  
LAKE CHARLES, LA 70601  
(318) 433-1613

**Congress of the United States**  
**House of Representatives**

**Washington, DC 20515-1807**

May 25, 1994

COMMITTEE ON  
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The Honorable Reed E. Hundt  
Chairman  
Federal Communications Commission  
1919 M. Street, N.W.  
Congressional Liaison Office  
Washington, D.C. 20554

Dear Chairman Hundt:

I am writing on behalf on Radiofone, a local Louisiana mobile communications company, to urge you to rethink the FCC's policies regarding cellular companies' exclusion from the Personal Communication Services (PCS) frequency bidding. As you may know, Radiofone is interested in bidding for the desirable PCS frequencies in their own cellular market.

Although I recognize the regulatory need to exclude cellular subsidiaries of wireline telephone companies, I believe that excluding a company which solely provides mobile communications service is simply unfair. While the Regional Bell Operating Companies will be permitted to bid on blocks of frequencies in their cellular service area, companies such as Radiofone will be limited to bidding on the less desirable 10 Megahertz frequencies. If these companies are not permitted to compete in this new technological field (PCS), they will be unfairly excluded from the new market.

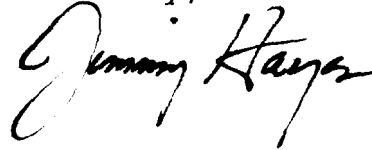
Furthermore, although companies such as Radiofone may not qualify as a "small" company by the FCC's standards, I submit that medium-sized companies may be negatively affected by the standards. I doubt that the FCC policies were intended to do that. In that regard, I urge you to review those standards bearing in mind the size of these companies' competitor's budgets. I am confident that you will find that companies such as Radiofone are indeed in need of the protection available to those companies with even smaller resources.

Thank you for your consideration of this matter. If I may answer any questions regarding the effects of these regulations on my

district, or if may be of service to you in this matter, please do not hesitate to call on me.

Respectfully,

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Hayes". The signature is written in dark ink and is positioned above the printed name and title.

Jimmy Hayes  
Member of Congress

JH:lea